

Vermont Municipal Employees' Retirement System

Volume 5, Issue 2

JULY 2005

Retirement Director's Corner

Imaging Project Off and Running

In the last newsletter, I reported that the Retirement Division was undergoing significant changes in the way we provide services to our members in order to improve efficiency and effectiveness. This endeavor has multiple stages and will take three to four years to complete.

The first stage was to conduct a high-level management review of our workflow and processes. That was successfully completed last year. The next stage will be to electronically image the 1.8 million pieces of paper that represent the contents of the retirement files for our 41,000 active and retired members.

I am happy to report we are now in the fifth week of our imaging project. The vendor selected to handle this critical task is making steady progress, and we fully expect to meet our goal of completing the project by the end of the summer.

(Continued on page 2)



LEGISLATIVE UPDATE

GOOD NEWS! The Board was successful in passing legislation that allows the *employee* contribution rates to remain at their current levels until June 30, 2010.

As a result, the following employee contribution rates will be in effect for the next 5 years:

Group A - 2.5%

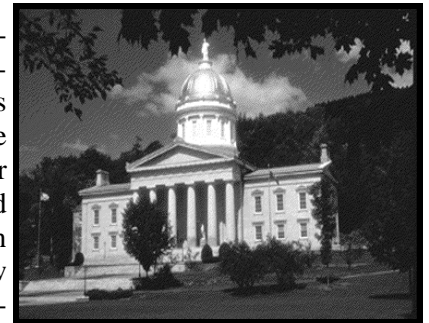
Group B - 4.5%

Group C - 9.0%

Group D - 11.0%

As mentioned in past

newsletters, addressing the lack of medical care for retirees is a top priority for the Board. To further that goal, the Board supported legislation that would allow them to explore options to establish some type of medical reimbursement account for retired members. They worked with an expert consultant to draft the appropriate language that would grant them the maximum flexibility. Unfortunately, there were



other interested parties that were supportive of the concept, but not comfortable with the language that had been drafted. In order to allow the employee contribution rate extension to go forward, it

Continued on page 2

UNITIZATION—What Does That Mean To Me?

You may have read or heard about legislation creating a new process for investing the assets of Vermont's three state-level pension funds. H.117, a bill overwhelmingly supported by the Legislature and signed by the Governor, authorizes the 17 trustees of the three retirement system boards to form the Vermont Pension Investment Committee (VPIC). With the assistance of an independent pension consultant and Treasurer's Office staff, the Committee will jointly be responsible for all pension fund investment related activity, such as selecting and monitoring money managers. The three existing boards will continue to oversee such areas as actuarial valuation, medical disability, and benefit revisions. The capacity for effective investment oversight and administration should be significantly enhanced by this new process and is likely to improve the investment performance for all three systems. The VPIC will allow resources from the Treasurer's Office and pension advisors to better support a focused investment committee with additional investment expertise, at a lower cost than under the current system. By taking advantage of its collective power in contract negotiations, the VPIC will save the three retirement systems significantly on money management fees. Further savings will be accomplished through efficiencies and economies of scale with the custodian bank, pension consultants, and within the Treasurer's Office. So what does unitization mean to you? In short, a better and more efficient retirement system. If you have questions, please give any one of your retirement board members or the Treasurer's Office a call.

Director's Corner

(Continued from page 1)

Each piece of paper is being imaged to allow a member's entire record to be retrieved and viewed on our computer screens. In addition, each piece of paper is microfilmed as a back-up to be stored in the Department of Public Records. We have approximately 20 people working two full-time shifts in Montpelier, as well as staff working back in the vendor's home office in Nebraska. It is impressive to watch these professionals undertake this complicated project. One could naively assume that copying paper would be relatively easy. On the contrary; capturing a quality image of various types of documents in all sizes and shapes, then properly indexing the images so they may be easily retrieved in the correct member or retiree file, is a true work of art.

It is important to note that there is at least a 24-hour period while a file is being imaged when the Retirement Office staff cannot access the actual documents contained in the file. Please keep this in mind should you need any information or services from our office this summer, as we may need a little extra time to respond to your request.

The final phase of this project is replacing the existing mainframe-based computer system with a new state-of-the-art Line of Business. The Request for Proposals for the Line of Business is nearing completion, and is expected to be released in early July. It is a 400-page document, that contains extremely detailed instructions on what is needed to administer the retirement systems today, and more importantly, in the future. We have built into the Line of Business RFP numerous new features to create a dynamic environment that will bring the level of services available to our members into the 21st century.

I encourage you to contact me at (802) 828-2302 or by e-mail at: cynthia.webster@state.vt.us if you have questions, comments, or ideas that you wish to share with us as we build our new Line of Business.

SECURITY

T
R
O
U
B
L
E
F
R
E
E

W
O
R
R
Y
F
R
E
E

Wouldn't it be fun if instead of waiting for your retirement check to arrive, it was waiting for you?

Sign up for direct deposit, today.

It puts your payment in the bank automatically on the last business day of each month, no kidding!!

Call the Retirement Office to get started...
you won't regret it.

CONVENIENCE

Have you joined the \$457 Deferred Compensation Program yet?

If you would like to join other Municipal Employee members who designate part of their salary into a tax-deferred savings plan, call the Great-West Retirement Office at 1-800-457-1028 to learn more about the savings opportunities waiting for you.

We know you'll be glad you did!

Education for People Over 50!

Several years ago, UVM received a grant from The Osher Foundation to establish The Osher Lifelong Learning Institute for the purpose of providing courses and programs to area residents over the age of 50. Since that time, Institutes have opened in Brattleboro, Montpelier, Rutland, Springfield, St. Johnsbury, and most recently the Newport/Derby area. Check it out in your area or at www.uvm.edu/~learn/osher/.

You're never too old to learn something new!

Legislative Update

(Continued from page 1)

was agreed to take the medical reimbursement language out of the bill this year.

We will be working over the summer with the interested parties and our consultant to draft language that is acceptable to everyone. We hope to introduce the revised language in bill form during the next legislative session.

The other significant legislation that passed was the *Unitization* bill. Please see the article on page 1 for details.

Visit us on the Web at
www.vermonttreasurer.gov

STRAIGHT FROM THE BOOK

VESTING and MEMBERSHIP IN THE SYSTEM

Retirement coverage extends to the following classification of employees:

- (1) Employees of a school district who work on a regular basis for not less than 30 hours a week and for not less than 1040 hours for the school year.
- (2) All other municipal employees who work on a regular basis for not less than 24 hours per week and for not less than 1040 hours in a year.

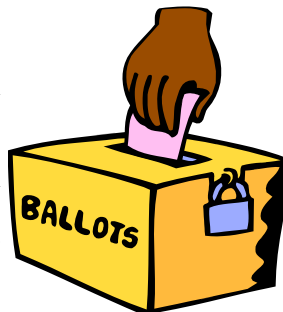
Employees in these areas **must** join the system as a condition of employment and begin contributions immediately upon date of hire*. Some employees who are not members of the System are employees who were eligible for an option and elected to belong to the defined contribution (DC) plan (*contributions in those entities begin 90 days after employment starts), those specifically excluded by law such as temporary employees, and those engaged under retainer or special agreement.

You will be vested in the VMERS defined benefit plan upon the attainment of five (5) years of creditable service, and in the defined contribution (DC) plan after one (1) year.

If you have questions or require more information, please contact the Retirement Office at any time, Monday—Friday 7:45 a.m. to 4:30 p.m.

ELECTION RESULTS

The Vermont Municipal Employees' Retirement System held an election for a trustee position this spring. W. John "Jack" Mitchell, the incumbent Board member, was the only candidate who applied for the position. Pursuant to Board Election Rules, Mr. Mitchell will be appointed to fill the employees' representative three-year term at the first Board meeting following July 1st. Congratulations, Mr. Mitchell.



IS YOUR BENEFICIARY DESIGNATION UP TO DATE?

Do you know for a fact that if something should happen to you, your loved ones are protected? Is the designation of your beneficiary on your retirement account current?

24, V.S.A., Section 5059(b) states that in the event of an active member's death prior to commencement of retirement benefits, a monthly survivorship option may be payable to a dependent beneficiary if the member has 5 or more years of service. If the member does not have 5 years of service, or as an alternative to a survivorship benefit, a dependent beneficiary may take a refund of the deceased member's accumulated contributions plus interest.

Please take a moment to ensure that the beneficiary reflected on your retirement account is the individual(s) that you wish to receive one of the above benefits in the event of your premature death. Your primary beneficiary designation is listed on your Annual Benefit Statement. If you do not have access to your last statement, you may call the Retirement Office at (802) 828-2305 or 1-800-642-3191 and we will be happy to advise you who is designated on your account.

Attention Terminated, Vested Members... It is YOUR responsibility to contact the Retirement Division at least three months prior to the month in which you wish to begin drawing your benefits. Benefits are not automatic...you must apply for them. Keep in mind that vested benefits do not increase once you have reached normal retirement age for your group plan.

If you do not know when your normal retirement age is, contact the Retirement Division for more details.

RETIREMENT BOARD OF TRUSTEES

Chair: Steve Jeffrey
Employee Representative

Vice-Chair:
W. John "Jack" Mitchell
Employee Representative

Jeb Spaulding, VT State Treasurer
Ex Officio Member

Marie Duquette
Governor's Delegate

David Lewis
Employer Representative

Cynthia Webster
Executive Secretary
Director of Retirement Systems

133 State Street, 2nd Floor
Montpelier, Vermont 05633-6901
828-2305 or 800-642-3191
(In-State)

Retiring Times is published by the
Vermont Municipal Employees'
Retirement System
Editor: Donna Holden

A Message from Jeb Spaulding, Vermont State Treasurer

*The Office of the State Treasurer is **MOVING!***

The State purchased the former National Life Building at 133 State Street in 1960. After being in our location for 45 years, the Office of the State Treasurer and all divisions - Accounting Services, Unclaimed Property, Finance & Investments, and Retirement Operations - will be moved later this fall. We expect to be in our new location on the 4th Floor of the Pavilion Building, 109 State Street, Montpelier, VT, by the end of November. The official date is still uncertain due to the renovation process, but when we are finally moved, the e-mail addresses, phone, and fax numbers will remain the same; only our physical location and mailing address will be affected by the move.

If you are intending to visit our offices or correspond with one of the division around the time of our anticipated move, you may want to check our Web site at www.vermonttreasurer.gov, or call us for updated information.

FYI... Frequently asked question

Reduced Hours

How is my retirement impacted if my hours are reduced?

- A. You may still contribute for up to three years and receive prorated service credit based upon the hours reported.
- B. You may stop contributing and receive no further service credit. Your employer must notify the Retirement office.
- C. A reduced hours employee cannot collect a retirement benefit or a refund of his/her contributions until they have terminated their position (separate from service). The account will be in "suspension" until such time.

Worker's Compensation

Will I earn service credit if I am out of work and collecting Worker's Compensation?

Yes. Employees who are absent from work while collecting Worker's Comp must report the start and end dates of the absence to the Retirement Office. Once your employer has verified the absence, your service credit will be adjusted.

We are made wise not by the recollection of our past,
but by the responsibility for our future.

George Bernard Shaw

Vermont Municipal Employees' Retirement System
Office of the State Treasurer
133 State Street, 2nd Floor
Montpelier, VT 05633-6901

PRSRT STD
U.S. Postage
PAID
Burlington, VT
Permit No. 601

We're on the Web @
www.vermonttreasurer.gov